

WATER/FLC:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

**RESOLUTION NO. W-4477
July 8, 2004**

RESOLUTION

**(RES. W-4477), CALIFORNIA WATER SERVICE COMPANY (CWSC) –
BAKERSFIELD, BEAR GULCH, CHICO, DIXON, DOMINGUEZ-
SOUTH BAY, EAST LOS ANGELES, HERMOSA-REDONDO, KING
CITY, LIVERMORE, LOS ALTOS, MARYSVILLE, MID-PENINSULA,
SALINAS, SELMA, SOUTH SAN FRANCISCO, STOCKTON, PALOS
VERDES, WESTLAKE, WILLOWS, VISALIA DISTRICTS -
RESOLUTION RECORDING STATUS OF RESERVE ACCOUNT
RECOVERY FILINGS AND RESULTS OF EARNINGS TESTS.**

SUMMARY

By Advice Letters filed in accordance with D.03-06-072 (the Decision), subsequently modified by D.04-03-049, March 29, 2004, CWSC is seeking to recover the net under-collections and to refund net over-collections in its purchased water, purchased power and pump tax reserve accounts booked after November 29, 2001. Some of these advice letters are also requesting recovery of previously approved memorandum accounts and balancing account balances incurred prior to November 29, 2001 (which do not require an earnings test.) This resolution provides a status report on these filings and memorializes the resulting account balances.

BACKGROUND

As required by the Decision, each class A water utility must file on or before March 31 of the following year, for balances accrued in the calendar year, as adjusted by an earnings test.

The reserve account recovery filings addressed in this resolution cover three timeframes: November 30 through December 31, 2001; January 1 through December 31, 2002, and January 1 through December 31, 2003. The balances in each of these three accounts must be adjusted by any over-earnings during the time period (November 30 through December 31, 2001 over-earnings are calculated at one-twelfth of the over-earnings for calendar year 2001) and any revenues already received due to Commission approved revenue offsets must be subtracted to determine recovery or refund. All

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calculations include interest at the 90-day commercial paper rate. CWSC filed two advice letters for each district. One requested recovery for the post November 29, 2001 and calendar year 2002 timeframes. The second advice letter requests recovery for calendar year 2003. These advice letters, if approved, will produce the change in annual revenues listed below¹:

Advice Letter No. 1616 - Willows District: filed March 19, 2004, as supplemented on May 19, 2004, CWSC seeks revision to its tariff Schedule Nos. WL-1, General Metered Service and WL-2R, Residential Flat Rate Service, by assessing a surcharge of \$ 0.0628 per Ccf and \$ 1.60 to \$ 3.18 per service connection depending on lot size over 12 months, to recover a \$ 49,503 or 5.0% under-collection, including interest. This recovery includes an adjustment of \$945 due to over-earnings in calendar year 2003.

Advice Letter No. 1618 - Bakersfield District: filed March 23, 2004, as supplemented by Advice Letter No. 1618-A June 9, 2004, CWSC seeks revision to its tariff Schedule Nos. BK-1, General Metered Service by assessing a surcharge of \$ 0.0376 per Ccf and BK-2R, Residential Flat Rate Service, by assessing a \$1.20 to \$2.18 surcharge per service connection depending on lot size, over 12 months, to recover a \$ 1,107,536 or 3.76% under-collection, including interest. No adjustments to these accounts were necessary due to over-earnings in 2001 or calendar year 2002.

Advice Letter No. 1619 - Livermore District: March 24, 2004, as supplemented by Advice Letter No. 1619-A May 19, 2004 and Advice Letter 1619-B, June 14, 2004. CWSC seeks revision to its tariff Schedule Nos. LV-1, General Metered Service, by assessing a surcharge of \$0.06021 per Ccf per customer over 12 months, to recover a \$278,731 or 2.7% under-collection, including interest. This recovery includes an adjustment of \$21,276 due to over-earnings in 2001 and \$38,407 due to over-earnings in calendar year 2002.

Advice Letter No. 1620 - Hermosa-Redondo District: filed March 25, 2004. CWSC seeks revision to its tariff Schedule No. HR-1, General Metered Service, to provide a surcredit of \$0.0432 per Ccf for 12 months to refund a \$264,699 or 1.52% over-collection. No adjustments to these accounts were necessary due to over-earnings in 2001 or calendar year 2002.

¹ Percentages are based on the last adopted revenue requirement for the district.

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Advice Letter No. 1621 -Dixon District: filed March 29, 2004. CWSC seeks to retain a \$5,940 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in 2001 or in calendar year 2002.

Advice Letter No. 1622 - Salinas District: filed March 25, 2004. CWSC seeks revision to its tariff Schedule Nos. SA-1, Salinas Division, SA-BK-1, Bolsa Knolls Division, SA-LL-1, Las Lomas Division SA-OH-1, Oak Hills Division, General Metered Service, by assessing a surcharge of \$0.0505 per one hundred cubic feet (Ccf) per customer over 24 months, to recover a \$552,098 or 3.56% under-collection, including interest. This under-collection occurred from November 30 through December 31, 2001 and calendar year 2002. No adjustments for over-earnings were required

Advice Letter No. 1623 - South San Francisco District: filed March 25, 2004. CWSC seeks to retain a \$169,387 net under-collection, including interest, for later recovery. This recovery includes an adjustment of \$9,155 due to over-earning in 2001 and \$155,502 due to over-earnings in calendar year 2002.

Advice Letter No. 1624 - Palos Verdes District: filed on March 25, 2004, as supplemented by Advice Letter No. 1624-A, filed on May 26, 2004. CWSC seeks revision to its tariff Schedule No. PV-1, General Metered Service, by assessing a surcharge of \$0.0889 per Ccf per customer over 12 months, to recover a \$1,552,587 or 7.9% under-collection, including interest. This recovery includes an adjustment of \$84,511 due to over-earnings in 2001 and \$163,864 due to over-earnings in calendar year 2002.

Advice Letter No. 1625 - East Los Angeles District: filed March 25, 2004. CWSC seeks to retain a \$374,679 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earning in 2001 and a \$725,952 adjustment due to over-earnings in calendar year 2002.

Advice Letter No. 1626 - Westlake District: filed March 25, 2004, as supplemented by Advice Letter No. 1626-A filed June 14, 2004². CWSC seeks revision to its tariff

² Advice Letter 1626 originally requested a surcharge of \$0.0359 per Ccf per customer over 12 months, to recover a \$136,060 or 2.0% under-collection, including interest. The recovery included an adjustment of \$130,885 due to over-earning in calendar year 2003.

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Schedule Nos. WK-1, General Metered Service by assessing a surcharge of \$0.0362 per Ccf per customer over 12 months, to recover a \$136,938 or 2.0% under-collection, including interest. This recovery includes an adjustment of \$129,977 due to over-earning in calendar year 2002.

Advice Letter No. 1627 - Marysville District: filed March 26, 2004, as supplemented by Advice Letter 1627-A filed May 21, 2004. CWSC seeks revision to its tariff Schedule Nos. MR-1, General Metered Service, by assessing a surcharge of \$0.0439 per Ccf per customer, and to Schedule No. MR-2R Residential Flat Rate Service, by assessing a surcharge of \$0.86 to \$1.63 per service connection depending on lot size over 12 months, to recover a \$60,242 or 3.7% under-collection, including interest. This recovery includes no adjustment due to over-earnings in 2001 or in calendar year 2002.

Advice Letter No. 1628 - Mid-Peninsula District: filed March 29, 2004 as supplemented by Advice Letter No. 1628-A filed May 18, 2004³. CWSC seeks to retain a \$195,053 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in 2001 or calendar year 2002.

Advice Letter No. 1629 - Mid-Peninsula District: filed March 29, 2004, as supplemented by Advice Letter No. 1628-A filed May 18, 2004. CWSC seeks revision to its tariff Schedule Nos. MID-1, General Metered Service, by assessing a surcharge of \$0.0748 per Ccf per customer over 24 months, to recover a \$1,116,923 or 3.0% under-collection, including interest. This recovery includes no adjustment due to over-earning in calendar year 2003

Advice Letter No. 1630 - Marysville District: filed March 29, 2004, as supplemented by Advice Letter No. 1630-A filed May 21, 2004. CWSC seeks to retain a \$2,511 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Advice Letter No. 1631 - Bear Gulch District: filed March 29, 2004. CWSC seeks to retain a \$66,331 net under-collection, including interest, for later recovery. This recovery includes an adjustment of \$2,303 due to over-earning in 2001 and a \$528,761 adjustment due to over-earnings in calendar year 2002.

³ CWSC's Advice Letter No. 1628 originally requested retention of \$202,453 for later recovery.

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Advice Letter No. 1632 - Bear Gulch District: filed March 29, 2004. CWSC seeks revision to its tariff Schedule No. BG-1, General Metered Service, by assessing a surcharge of \$0.0730 per Ccf per customer over 12 months, to recover a \$400,335 or 6.27% under-collection, including interest. This recovery includes no adjustment due to over-earning in calendar year 2003.

Advice Letter No. 1633 - Willows District: filed March 29, 2004, as supplemented by Advice Letter No. 1633-A filed May 19, 2004. CWSC seeks to retain a \$1,147 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Advice Letter No. 1634 -Dixon District: filed March 29, 2004. CWSC seeks to retain a \$4,722 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Advice Letter No. 1635 - Livermore District: filed March 29, 2004, as supplemented by Advice Letter No. 1634-A filed May 19, 2004 and Advice Letter 1635-B, filed June 14, 2004. CWSC seeks to retain a \$192,313 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Advice Letter No. 1636 - South San Francisco District: filed March 30, 2004. CWSC seeks revision to its tariff Schedule No. SS-1, General Metered Service, by assessing a surcharge of \$0.0718 per Ccf per customer over 24 months, to recover a \$285,699 or 3.0% under-collection, including interest. This recovery includes an adjustment of \$316,356 due to over-earning in calendar year 2003.

Advice Letter No. 1637 - Visalia District: filed March 30, 2004, as supplemented by Advice Letter No. 1637-A filed June 9, 2004. CWSC seeks revision to its tariff Schedule Nos. VS-1, VS-TL-1, VS-EP-1, VS-MU-1, VS-NS-1, VS-BU-1, General Metered Service and VS-2R, VS-TL-2R, VS-EP-2R, VS-MU-2R, VS-NS-2R, and VS-BU-2R, Residential Flat Rate Service for its Visalia, Tulco, Eptco, Mullen, Nish, and Buhl Service Areas respectively, by assessing a surcharge of \$0.0255 per Ccf per customer over 24 months, or for flat rate customers assessing a surcharge of \$0.43 to \$0.93 per service connection depending on lot size over 24 months to recover \$580,827 or 6.82% under-collection, including interest. This recovery

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includes an adjustment of \$1,603 in 2001 and \$152, 176 in calendar year 2002 due to over-earning in those time frames.

Advice Letter No. 1638 - Chico District: filed April 1, 2004, as supplemented by Advice Letter No. 1638-A filed June 4, 2004. CWSC seeks revision to its tariff Schedule Nos. CH-1, General Metered Service by assessing a surcharge of \$0.0266 per Ccf per customer over 24 months and CH-2R, Residential Flat Rate Service, by assessing a surcharge of \$0.65 to \$1.22 per service connection depending on lot size over 24 months to recover \$591,457 or 5.8% under-collection, including interest. This recovery includes no adjustment in 2001 or in calendar year 2002 due to over-earning.

Advice Letter No. 1639 - Chico District: filed April 1, 2004. CWSC seeks to retain a \$10,920 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earning in calendar year 2003.

Advice Letter No. 1640 - Los Altos District: filed April 1, 2004, CWSC seeks revision to its tariff Schedule Nos. LS-1, General Metered Service by assessing a surcharge of \$0.06396 per Ccf per customer over 24 months to recover \$774,093 or 5.95% under-collection, including interest. This recovery includes no adjustment in 2001 or in calendar year 2002 due to over-earning.

Advice Letter No. 1641 - Los Altos District: filed April 1, 2004. CWSC seeks revision to its tariff Schedule Nos. by assessing a surcharge of \$0.0902 per Ccf per customer over 12 months to recover \$546,716 or 4.35% under-collection, including interest. This recovery includes no adjustment in calendar year 2003 due to over-earning.

Advice Letter No. 1642 - Stockton District: filed on April 1, 2004. CWSC seeks revision to its tariff Schedule No. ST-1, General Metered Service, by assessing a surcharge of \$0.0317 per Ccf per customer over 12 months, to recover a \$438,361 or 2.42% under-collection, including interest. This recovery includes an adjustment of \$22,091 due to over-earnings in calendar year 2001.

Advice Letter No. 1643 - Palos Verdes District: filed on April 1, 2004, as supplemented by Advice Letter No. 1643-A. CWSC seeks to retain a \$131,785 net under-collection, including interest, for later recovery. This recovery includes an adjustment of \$473,187 due to over-earnings in calendar year 2003.

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Advice Letter No. 1644 - Visalia District: filed April 1, 2004, CWSC seeks to retain a \$135,854 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Advice Letter No. 1645 - Westlake District: filed April 1, 2004, as supplemented by Advice Letter 1645-A, June 14, 2004. CWSC seeks to retain a \$2,467 net under-collection, including interest, for later recovery. This recovery includes an adjustment of \$205,785 due to over-earnings in calendar year 2003.

Advice Letter No. 1646 - Bakersfield District: filed April 1, 2004, CWSC seeks to retain a \$426,312 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Advice Letter No. 1647 - Selma District: filed on April 1, 2004, supplemented by Advice Letter No. 1647-A, filed May 21, 2004. CWSC seeks revision to its tariff Schedule No. SL-1, General Metered Service, by assessing a surcharge of \$0.024 per Ccf per customer, and to Schedule No. SL-2R Residential Flat Rate Service, by assessing a surcharge of \$0.70 to \$1.33 per service connection depending on lot size over 24 months, to recover a \$109,958 or 6.0% under-collection, including interest. This recovery includes an adjustment of \$22,234 due to over-earnings in calendar year 2002.

Advice Letter No. 1648 - Selma District: filed on April 1, 2004, supplemented by Advice Letter no. 1648-A, filed May 21, 2004. CWSC seeks revision to its tariff Schedule No. SL-1, General Metered Service, by assessing a surcharge of \$0.0285 per Ccf per customer and to Schedule No. SL-2R Residential Flat Rate Service, by assessing a surcharge of \$0.82 to \$1.58 per service connection depending on lot size over 12 months, to recover a \$65,124 or 3.7% under-collection, including interest. This recovery includes an adjustment of \$33,816 due to over-earnings in calendar year 2003.

Advice Letter No. 1649 - Stockton District: filed on April 1, 2004, CWSC seeks revision to its tariff Schedules Nos. ST-1, General Metered Service, by assessing a surcharge of \$0.0590 per Ccf per customer over 12 months to recover \$816,131 or 4.52% under-collection, including interest.

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Advice Letter No. 1650 - Salinas District: filed on April 1, 2004. CWSC seeks revision to its tariff Schedule No. SA-1, Salinas Division, SA-BK-1, Bolsa Knolls Division, SA-LL-1, Las Lomas Division SA-OH-1, Oak Hills Division, General Metered Service, by assessing a surcharge of \$0.0397 per Ccf per customer for 24 months to recover a \$434,428 or 5.6% under-collection, including interest. No adjustment for over-earnings is required for 2003.

Advice Letter No. 1651 - East Los Angeles District: filed April 1, 2004. CWSC seeks to retain a \$293,632 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earning due to over-earnings in calendar year 2003.

Advice Letter No. 1652 - Hermosa Redondo District: filed April 1, 2004, supplemented by Advice Letter no. 1652-A, filed June 9, 2004. CWSC seeks revision to its tariff Schedule No. HR-1, General Metered Service, to implement a surcredit to the service charge of \$0.85 per month for a period of 12 months to refund \$263,429 or 1.5% over-collection. This refund includes no adjustment due to over-earning in calendar year 2003

Advice Letter No. 1653 - King City District: filed April 1, 2004. CWSC seeks revision to its tariff Schedule No. KC-1, General Metered Service, by implementing a surcredit of \$4.32 per service connection for 36 months to refund \$353,519 or 27.55% over-collection including interest. No adjustment for over-earnings is required for 2001 and 2002.

Advice Letter No. 1654 - King City District: filed April 1, 2004. CWSC seeks to retain a \$5, 817 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earning in calendar year 2003.

Advice Letter No. 1655 - Dominguez South Bay District: filed April 1, 2004. CWSC seeks revision to its tariff Schedule No. DOM-1, General Metered Service, by implementing a surcredit of \$0.0316 per Ccf per customer for 12 month to refund \$495,089 or 2.0% over-collection including interest. No adjustment for over-earnings is required for 2001 and 2002.

Advice Letter No. 1656 - Dominguez South Bay District: filed April 1, 2004. CWSC seeks revision to its tariff Schedule No. DOM-1, General Metered Service, by implementing a surcredit of \$0.04256 per Ccf per customer for 12 month to

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refund \$666,335 or 2.7% over-collection including interest. No adjustment for over-earnings is required for 2003.

CWSC serves about 25,500 metered customers in its Hermosa Redondo District. The present rates for the Hermosa Re District became effective on January 12 ,2004 via Advice Letter 1601, which implemented a step rate increase.

CWSC serves about 23,650 metered customers in its Palos Verdes District. The present rates for the Palos Verdes District became effective on April 28, 2004, via Advice Letter 1667, which implemented D.04-04-041 that authorized a general rate increase.

CWSC serves about 26,896 metered customers in its Salinas District. The present rates for the Salinas District became effective on January 1, 1997, via Advice Letter 1427, which authorized an attrition rate increase.

CWSC serves about 2,500 metered customers and 2,800 flat rate customers in its Selma District. The present rates for the Selma District became effective on April 28, 2004 via Advice Letter 1668, which implemented D.04-04-041 that authorized a general rate increase.

CWSC serves about 41,552 metered customers in the City of Stockton and vicinity in San Joaquin County. The present rates for the Stockton District became effective on February 16, 2004, via Advice Letter 1591, which authorized an offset rate increase.

CWSC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase annual revenue in the following districts to recover under-collections in their respective purchased water and purchased power balancing accounts:

Palos Verdes - \$1,547,385 or 3.95%

Salinas - \$ 552,098 or 3.56%

Salinas - \$ 434,428 or 5.6%

Selma - \$ 109,600 or 6.08%

Selma - \$ 67,505 or 3.75%

Stockton - \$ 438,361 or 2.42%

Stockton - \$ 816,131 or 4.2%

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The above-mentioned Advice Letters were filed pursuant to Conclusion of Law 6, D.03-06-072, June 19, 2003. This order is discussed in the Discussion section of this resolution.

DISCUSSION

These Advice Letters were filed in compliance with D.03-06-072 (the Decision), which was subsequently modified by D.04-03-049, March 29, 2004. D.03-06-072 Conclusion of Law 6 states:

“Consistent with the procedures designated in Appendix A, a utility shall seek review of under and over collections in accounts by filing an annual Advice Letter with the Commission’s Water Division. Except as designated in Appendix A, account recovery or refund will be implemented in the utility’s next general rate case decision. Upon authorization of the new general rate case rates, the previous account will be closed. Each utility’s annual Advice Letter seeking account review shall be filed by March 31 of the year following the year, which is the subject of the request. A utility’s Advice Letter seeking account review for November 29, 2001 through December 31, 2002 shall be filed no later than 90 days from the mailing date of this decision. ”

CWSC filed Advice Letters No. 1569-W through 1588-W on September 22, 2003 as required by the cited paragraph. All of these Advice Letters were rejected for non-conformance with Appendix A of the Decision, inaccuracies, or deviations from the requirements of the Decision that were inadequately explained and thus did not justify a discussion and approval of the deviation by resolution.

Replacement Advice Letters for recovery for December 2001 and calendar year 2002 balances were subsequently filed on March 25 and April 1, 2004, along with Advice Letters requesting recovery for calendar year 2003 balances. Of these, Advice Letter Nos. 1653 through 1656 requested refunds and were approved by Water Division in May as a rate decrease. Some filings are still being processed because defects in the filing make them impossible to approve at this time. The Advice Letters approved in this resolution were considered adequately filed. The remaining Advice Letters that are still awaiting data and explanation by the utility will be addressed by resolution at a later date.

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The existing procedure for recovery of reserve accounts is as follows:

- (1) Class A water utilities must file on or before March 31 of the following calendar year to recover purchased power, purchased water and pump tax (groundwater extraction charge) reserve account balances through December 31 of the prior calendar year.
- (2) The total of the reserve account balances in each district must undergo a recorded earnings test.
- (3) Based upon the results of the earnings test, reserve account balances must be adjusted to account for revenues in excess of the utility's last authorized rate of return.
- (4) Utilities, at their option, may request a surcharge once under-collections reach 2% of their last authorized revenue requirement;
- (5) Otherwise, balancing account review and recovery of remaining balances are processed at the time of the utility's next General Rate Case.

The following Advice Letters have been determined to be eligible for disposition:

Advice Letter No. 1616-A requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002, as well balancing account balances incurred prior to November 29, 2001, for CWSC's Willows District. CWSC originally requested \$48,887 but after staff pointed out deficiencies in the proper calculations of purchased power increments, and using the purchased power rate adopted in the last GRC, CWSC modified its request to \$49,503. The breakdown is as follows: The unamortized balancing account balance prior to November 29, 2001 was 13,317. The net under-collection for December 2001 was \$1,340, but CWSC over-earned \$937 (\$945 with interest), leaving \$395 to transfer to the balancing account. The net under-collection for 2002 was \$35,814. CWSC did not over earn in calendar year 2002. The net requested recovery is \$49,503 or 5.0%. CWSC is requesting recovery of this balance. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0628 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$1.60 per month
6,001-10,000 square feet	\$1.91 per month
10,001-16000 square feet	\$2.37 per month
16,001-25,000 square feet	\$3.18 per month
Additional single-family dwelling	\$1.11 per month

For 12 months or until the \$49,503 has been recovered whichever occurs sooner.

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Advice Letter No. 1618-A requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002, as well balancing account balances incurred prior to November 29, 2001, for CWSC's Bakersfield District. CWSC originally requested a single surcharge for flat rate customers but, after staff review, agreed that it would be fairer to surcharge based on the flat rate tariff. The breakdown is as follows: The unamortized balancing account balance prior to November 29, 2001 was \$218,782. The net under-collection for December 2001 was \$22,539. CWSC did not over-earn in 2001. The net under-collection for 2002 was \$866,215. CWSC did not over earn in calendar year 2002. The net requested recovery is \$1,107,563 or 3.76%. CWSC is requesting recovery of this balance. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0376 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$1.20 per month
6,001-10,000 square feet	\$1.38 per month
10,001-16000 square feet	\$1.72 per month
16,001-25,000 square feet	\$2.18 per month
Additional single-family dwelling	\$0.84 per month

for 12 months or until the \$1,107,536 has been recovered whichever occurs sooner.

Advice Letter No. 1619-B requests refund of purchased water and purchased power reserve account balances accrued in 2001 and calendar year 2002 for CWSC's Livermore District. The net under-collection for 2001 was \$2,980, but CWSC overearned \$29,392 (\$29,631 with interest) in 2001, so recovery of the undercollection will be zero. CWSC over-collected \$18,296 in offset revenue that needs to be returned to the ratepayers. CWSC undercollected \$335,434 in 2002, but CWSC overearned \$38,097 (\$38,407 with interest) in 2003 for a net requested recovery of \$297,021 in 2003. Net requested recovery is 278,731 including the 2001 overcollection. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to institute a surcharge of \$0.0602 per Ccf for a period of 12 months or until it collects \$297,027 whichever occurs first.

Advice Letter No. 1620 requests to be allowed to refund purchased power and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Hermosa-Redondo District. The net over-collection for December 2001 was \$215,221. The net over-collection for 2002 was \$49,478. The Hermosa-Redondo district

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did not over-earn in either time period. The net requested amount to be returned to the customers is \$264,699. WD has reviewed the calculations and found the filing is in conformance with the decision. CWSC should be allowed to enact a surcredit of \$0.04325 per Ccf for 12 months or until the \$264,699 has been refunded, whichever occurs first.

Advice Letter No. 1622 requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Salinas District. The net under-collection for December 2001 was \$21,748. The net under-collection for 2002 was \$528,597. CWSC did not over-earn in this district for either time period. The net requested recovery is \$552,098. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0505 per Ccf for 24 months or until the \$552,098 has been recovered, whichever occur first.

Advice Letter No. 1623 requests recovery of purchased water and purchased power reserve account balances accrued in December of 2001 and in calendar year 2002, as well as unamortized balances in its balancing accounts prior to November 29, 2001, for CWSC's South San Francisco District. The net under-collection for December 2001 was \$9,155 but CWSC over-earned \$15,588 in 2001 (\$15,576 with interest), which reduces the \$9,155 under-collection to zero. The net under-collection for calendar year 2002 was \$155,502, but CWSC over-earned \$463,615 in 2003 (\$467,383 with interest), which reduces the \$155,502 under-collection to zero. The unamortized balances incurred prior to November 29, 2001 are \$169,387. CWSC requests to retain this amount for later recovery. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$169,387 for later recovery

Advice Letter No. 1624-A requests recovery of purchased power and purchased water account balances incurred prior to November 29, 2001 and accrued in December of 2001 and in calendar year 2002 for CWSC's Palos Verdes District. CWSC originally requested \$1,547,385 but after using the proper rate of return for earnings test purposes, modified its request to \$1,552,587. The breakdown is as follows: The unamortized balancing account balance prior to November 29, 2001 was \$134,725. The net under-collection for December 2001 was \$84,511. The net under-collection for 2002 was \$1,497,215 but CWSC overearned \$162,543 (\$163,864 with interest)⁴ for a net under-collection of \$1,333,351 for 2002. The net requested recovery is \$1,552,587. WD has

⁴ The original overearnings in Advice Letter 1624 was \$167,703 in 2002 (\$169,066 with interest) for a net under-collection of \$1,328,149 for 2002.

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reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0889 per Ccf for 24 months or until the \$1,552,587 has been recovered, whichever occurs first.

Advice Letter No. 1625 requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002, as well as unamortized balancing account balances incurred prior to November 29, 2001, for CWSC's East Los Angeles District. The net under-collection for December 2001 was \$86,836. The net under-collection for 2002 was \$842,632, but CWSC over-earned \$720,100 in 2002 (\$725,952 with interest) for a net under-collection of \$116,680. The balance prior to November 29, 2001 is \$257,999. The net requested recovery is \$374,679. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$374,679 for later recovery.

Advice Letter No. 1626-A requests recovery of purchased power and purchased water reserve account balances accrued in December of 2001 and in calendar year 2002, as well as unamortized balancing account balances incurred prior to November 29, 2001, for CWSC's Westlake District. The net over-collection for December 2001 was \$116,720. The net under-collection for 2002 was \$511,476, but CWSC over-earned \$129,830 in 2002 (\$129,977 with interest). The balance prior to November 29, 2001 is \$127,802 for a net under-collection of \$381,490 or slightly over 2.0%. The net requested recovery is \$381,490. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0362 per Ccf for a period not to exceed 12 months to recover up to \$381,490.

Advice Letter No. 1627-A requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Marysville District. CWSC originally requested \$60,273 but after staff pointed out deficiencies in the proper calculations of purchased power increments, and using the purchased power rate adopted in the last GRC, CWSC modified its request to \$60,242. The breakdown is as follows: The net under-collection for December 2001 was \$3,083. The net under-collection for 2002 was \$57,159. CWSC did not over earn in 2001 or calendar year 2002. The net requested recovery is \$60,242 or 3.7%. CWSC is requesting recovery of this balance. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0439 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$0.86 per month

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6,001-10,000 square feet	\$1.04 per month
10,001-16000 square feet	\$1.28 per month
16,001-25,000 square feet	\$1.63per month
Additional single-family dwelling	\$0.62 per month

for 12 months or until the \$60.242 has been recovered whichever occurs sooner.

Advice Letter No. 1628-A requests recovery of purchased power, purchased water, and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for the Mid-Peninsula District, as well as unamortized balancing account undercollections incurred prior to December 2001. The net under-collection for December 2001 was \$176. CWSC did not over-earn in December of 2001. The net under-collection for 2002 is \$115,362. There was no over-earning in 2002. The accrued under-collection in the balancing accounts prior to December 2001 was \$79,515. CWSC is requesting to be allowed to retain \$195,053 for later recovery. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$195,053 in its 2001-2 Mid-Peninsula district balancing account for later recovery.

Advice Letter No. 1629-A requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Mid-Peninsula District as well as the retained balances sought in Advice Letter Number 1628-A. Advice Letter No. 1629 originally requested to retain balances for calendar year 2003 and prior years that totaled \$1,125,255. After being informed of calculation errors, CWSC filed Advice Letter supplement 1629-A which requests recovery for calendar year 2003 and prior years of \$1,116,923. The amounts consist of \$195,053 retained in Advice Letter No. 1628-A and \$921,870 under-collected in 2003. There was no over-earning for 2003 in the Mid-Peninsula district. CWSC is requesting recovery of \$1,116,923. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to institute a surcharge of \$0.0749 per Ccf for a period of 24 months to recover \$1,116,923, whichever occurs first.

Advice Letter No. 1630-A requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Marysville District. Advice Letter No. 1630 originally requested to retain balances for calendar year 2003 that total \$2,517. After being informed of calculation errors, CWSC filed Advice Letter supplement 1630-A which requests recovery for calendar year 2003 of \$2,511. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$2,511 for later recovery.

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Advice Letter No. 1631 requests recovery of purchased power and purchased water reserve account balances accrued in December of 2001 and in calendar year 2002 for the Bear Gulch District. The net under-collection for December 2001 was \$20,897, but CWSC overearned \$2,301 (\$2,303 with interest) in December 2001. The net request is \$18,594. The net under-collection for 2002 is \$576,498, but CWSC overearned \$521,761 in 2002, leaving a net request of \$2,737. CWSC is requesting to be allowed to retain \$66,331 for later recovery. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$66,331 in its 2001-2 Bear Gulch district balancing account for later recovery.

Advice Letter No. 1632 requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Bear Gulch District as well as the retained balances sought in Advice Letter Number 1631. The amounts consist of \$66,331 retained in Advice Letter No. 1631 and \$334,024 under-collected in 2003. There was no over-earning for 2003 in the Bear Gulch district. CWSC is requesting recovery of \$400,355. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to institute a surcharge of \$0.0730 per Ccf for a period of 12 months to recover \$400,355, whichever occurs first.

Advice Letter No. 1633-A requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Willows District. Advice Letter No. 1633 originally requested to retain balances for calendar year 2003 that total \$1,046. After being informed of calculation errors, CWSC filed Advice Letter supplement 1633-A which requests recovery for calendar year 2003 of \$1,147. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$1,147 for later recovery.

Advice Letter No. 1634 requests to be allowed to credit purchased power reserve account balances accrued in calendar year 2003 for CWSC's Dixon District, as well as balances accrued prior to 2003 (see Advice Letter 1621). The net over-collection for 2003 was \$1,218. The Dixon district did not over-earn in that time period. The unamortized balancing account balance prior to 2003 was \$5,940. CWSC requests to be allowed to retain \$4,722. WD has reviewed the calculations and found the company used the wrong interest rates. The correct recovery amount should be \$4,755 in order to be in conformance with the decision. CWSC should be allowed to retain \$4,755 for later recovery.

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Advice Letter No. 1635-B requests recovery of purchased power and purchased water reserve account balances accrued in calendar year 2003 in CWSC's Livermore District. This supplement was filed because the composite rate for purchased power used in the original filing was in error. After this adjustment, the balance in the reserve accounts totals \$195,362 for 2003⁵. There were no over-earnings in 2003. As this is less than 2 percent of the last authorized revenue requirement it should remain in the 2003 Livermore reserve sub-account, as provided in Res. No. W-4467, April 22, 2004, for later recovery. We will authorize retention of \$195,362 for later recovery

Advice Letter No. 1636 requests recovery of purchased power and purchased water reserve account balances accrued in calendar year 2003 for CWSC's South San Francisco District. Advice Letter No. 1623 requested to retain pre-2001 balances as well as balances for 2001 and calendar year 2002 that total \$169,387. This Advice Letter requests recovery for calendar year 2003. The net under-collection for 2003 was \$432,668 but CWSC overearned \$314,668 in 2003 (\$316,356 with interest) for a net under-collection of \$116,312 for 2003. The net requested recovery is \$285,669. Recovery of this balance by a surcharge of \$0.0718 per CCf on all water sold for 12 months is reasonable and in accordance with Commission guidelines. The tariff sheet filed with Advice Letter No 1636 (PUC Sheet No. 6073-W) mistakenly spread this surcharge over 24 months rather than the 12 months requested in the Advice Letter. This error will not significantly affect the recovery since the surcharge will terminate when the allotted amount has been recovered.

Advice Letter No. 1637-A requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002, as well balancing account balances incurred prior to November 29, 2001, for CWSC's Visalia District. CWSC originally was going to charge a single flat rate surcharge, but after review by staff agreed that it would be fairer to charge based on the flat rate. The breakdown is as follows: The unamortized balancing account balance prior to November 29, 2001 was 317,866. The net under-collection for December 2001 was \$19,611, but CWSC over-earned \$1,602 (\$1,603 with interest), leaving \$18,008 to transfer to the balancing account. The net under-collection for 2002 was \$397,129 but CWSC over-eared \$150,950 (\$152,176 with interest) in calendar year 2002 leaving \$244,953 to transfer to the balancing account. The net requested recovery is \$580,627 or 6.82%. CWSC is requesting recovery of this balance over 24 months. WD has reviewed the calculations and found them to

⁵ Advice Letter 1635 claimed the net under-collection for 2003 was \$194,776.

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be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0255 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$0.43 per month
6,001-10,000 square feet	\$0.59 per month
10,001-16000 square feet	\$0.75 per month
16,001-25,000 square feet	\$0.93 per month
Additional single-family dwelling	\$0.36 per month

for 24 months or until the \$580,827 has been recovered whichever occurs sooner.

Advice Letter No. 1638-A requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Chico District. CWSC originally was going to charge a single flat rate surcharge, but after review by staff agreed that it would be fairer to charge based on the flat rate. The breakdown is as follows: The net under-collection for December 2001 was \$22,434. CWSC did not over-earn in 2001. The net under-collection for 2002 was \$569,025. CWSC did not over-earn in calendar year 2002. The net requested recovery is \$591,459 or 5.78%. CWSC is requesting recovery of this balance over 24 months. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0533 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$0.65 per month
6,001-10,000 square feet	\$0.78 per month
10,001-16000 square feet	\$0.96 per month
16,001-25,000 square feet	\$1.22 per month
Additional single-family dwelling	\$0.46 per month

for 24 months or until the \$591,459 has been recovered whichever occurs sooner.

Advice Letter No. 1639 requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Chico District. The net under-collection was \$10,920. No adjustment was required for over-earnings in calendar year 2003. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$10,920 for future recovery.

Advice Letter No. 1640 requests recovery of purchased power, purchased water, and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for the Los Altos District. The net under-collection for December 2001 was

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\$201,603. CWSC did not overearn in December of 2001. The net under-collection for 2002 is \$752,490. There was no overearning in 2002. CWSC is requesting recovery of \$774,093. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0639 per Ccf on all water sold for 24 months or until the \$774,093 has been recovered, whichever occurs sooner.

Advice Letter No. 1641 requests recovery of purchased water, purchased power and pump tax reserve account balances accrued in calendar year 2003 for CWSC's Los Altos District. The net under-collection was \$546,716. No adjustment was required for over-earnings in calendar year 2003. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.09025 per Ccf for 12 months or until the \$546,716 has been recovered, whichever is sooner.

Advice Letter No. 1642 requests recovery of purchased power, purchased water, and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for the Stockton District. The net under-collection for December 2001 was \$169,511 but CWSC overearned \$22,075 in December of 2001 (\$22,091 with interest) for a net under-collection of \$147,420 for December of 2001. The net under-collection for 2002 is \$421,021. There was no overearning in 2002, so CWSC is requesting recovery of the entire amount. CWSC also has a net overcollection in its pre December 2001 balancing account of \$130,080, which CWSC is requesting, be credited against the two recoveries discussed above. In addition to purchased power, purchased water and pump tax the pre-December 2001 balance includes legal fees of \$59,674.15 incurred from 1992 through 1998 in litigating its Stockton East Water Purchase Contract. Tracking of these fees was authorized by Decision (D.) 92-06-046, June 17, 1992. The net requested recovery is \$438,361. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0317 per Ccf for 12 months or until the \$438,361 has been recovered, whichever is sooner.

Advice Letter No. 1643-A requests recovery of purchased power and purchased water reserve account balances accrued in calendar year 2003 in CWSC's Palos Verdes District⁶. This supplement was filed because the rates adopted by D.04-04-041, April 22, 2004 were effective as of October 30, 2003. The adopted quantities in D.04-04-041

⁶ Advice Letter 1643 claimed the net under-collection for 2003 was \$683,190. CWSC overearned \$516,475 in 2003 (\$519,227 with interest) for a net under-collection of \$163,963 for 2003.

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included the actual costs for purchased power and pump tax in November and December 2003, thus those values result in an incremental cost of zero for November and December 2003. After this adjustment, the balance in the reserve accounts totals \$604,972 for 2003. This amount must be adjusted for overearnings of \$473,187 resulting in a net undercollection of \$131,785. As this is less than 2 percent of the last authorized revenue requirement it should remain in the 2003 Palos Verdes reserve sub-account, as provided in Res. No. W-4467, April 22, 2004, for later recovery.

Advice Letter No. 1646 requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Bakersfield District. The net under-collection was \$426,312. No adjustment was required for over-earnings in calendar year 2003. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$426,312 for future recovery.

Advice Letter No. 1647-A requests recovery of purchased power and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Selma District after adjusting for calculation errors of incremental purchased power costs and properly spreading the surcharges to the flat rate customers⁷. The breakdown is as follows: The net under-collection for December 2001 was \$5,666. The net under-collection for calendar year 2002 was \$126,526 but CWSC over earned by \$22,234 in calendar year 2002. The net requested recovery for 2002 is \$104,292 for a total recovery of \$109,958. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.024 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$0.70 per month
6,001-10,000 square feet	\$0.841 per month
10,001-16000 square feet	\$1.04 per month
16,001-25,000 square feet	\$1.33 per month
Additional single-family dwelling	\$0.50 per month

for 24 months or until the allowed amount is recovered, whichever occurs sooner.

Advice Letter No. 1648-A requests recovery of purchased water, purchased power and pump tax reserve account balances accrued in calendar year 2003 for CWSC's Selma

⁷ Advice Letter No 1647 claimed a net under-collection for December 2001 of \$5,736. The net under-collection for 2002 was \$128,119 but CWSC overearned \$24,060 in 2002 (\$24,255 with interest) for a net under-collection of \$109,600 for 2002.

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District⁸. The net under-collection for 2003 was \$98,940 but CWSC overearned \$33,636 (\$33,816 with interest) in 2003 for a net under-collection of \$65,124 for 2003. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0285 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$0.82 per month
6,001-10,000 square feet	\$0.99 per month
10,001-16000 square feet	\$1.24 per month
16,001-25,000 square feet	\$1.58 per month
Additional single-family dwelling	\$0.5 per month

for 12 months or until the allowed amount has been recovered whichever occurs sooner.

Advice Letter No. 1649 requests recovery of purchased water reserve account balances accrued in calendar year 2003 for CWSC's Stockton District. The net under-collection for 2003 was \$816,130. There were no overearnings in 2003. CWSC is requesting recovery of the entire balance. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0590 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$0.70 per month
6,001-10,000 square feet	\$0.841 per month
10,001-16000 square feet	\$1.04 per month
16,001-25,000 square feet	\$1.33 per month
Additional single-family dwelling	\$0.50 per month

for a period of 12 months or until \$816,131 has been recovered, whichever is sooner.

Advice Letter No. 1650 requests recovery of Purchased Power reserve account balances accrued in calendar year 2003 for CWSC's Salinas District. The net under-collection for 2003 was \$434,428. There were no overearnings in 2003. CWSC is requesting recovery of the entire balance. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0397 per Ccf on all water sold for a period of 24 months.

⁸ Advice Letter 1648 requested a net under-collection for 2003 was \$116,240 but CWSC overearned \$48,475 in 2003 (\$48,735 with interest) for a net under-collection of \$67,505 for 2003.

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CWSC/ALS 1616-A, 1618-A, 1619-B, 1620, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640 1641, 1642, 1643-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/FLC:jlj

Advice Letter No. 1651 requests recovery of purchased water, purchased power and pump tax reserve account balances accrued in calendar year 2003 for CWSC's East Los Angeles District and amortize balancing account balances incurred prior to 2003 (See Advice Letter 1625). The net over-collection for 2003 was \$81,047. There were no overearnings in 2003. Prior balances awaiting recovery total \$374,679 for a total of \$293,632. CWSC is requesting to be allowed to retain this balance for future recovery. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$293,632 for later recovery.

Advice Letter No. 1652-A requests to refund purchased water, purchased power and pump tax reserve account balances accrued in calendar year 2003 for CWSC's Hermosa-Redondo District. The net over-collection for 2003 was \$263,429. There were no over-earnings in 2003. CWSC discovered two errors in its original filing, which requested refund of \$258,693. CWSC is requesting to be allowed to institute a surcredit of \$0.85 per service connection per month for 12 months. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to refund \$263,429 by instituting a surcredit of \$0.85 per service connection per month for 12 months or until the balance has been refunded whichever occurs first.

Advice Letter No. 1653 requests recovery of purchased water, purchased power and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's King City District plus amortize the unamortized amount in the balancing account incurred prior to November 20, 2001. The net over-collection for December 2001 was \$525. The net over-collection for 2002 was \$9,604. No adjustment was required for over-earnings in 2001 or calendar year 2002. The unamortized balance prior to November 29, 2001 is \$343,390. The net requested refund is \$353,519. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to provide a surcredit of \$4.32 per service connection for 36 months or until the \$343,390 has been refunded, whichever is sooner.

Advice Letter No. 1654 requests recovery of purchased power and pump tax reserve account balances and postage and ad valorem taxes memorandum account balances accrued in calendar year 2003 for CWSC's King City District. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$5,817 for later recovery.

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Advice Letter No. 1655 requests recovery of purchased power and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Dominguez-South Bay District. The net under-collection for December 2001 was \$29,635. The net under-collection for 2002 was \$465,454. No adjustment was required for over-earnings in 2001 or calendar year 2002. The net requested recovery is \$495,089. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0316 per Ccf for 12 months or until the \$465,454 has been recovered, whichever is sooner. Because Advice Letter 1665, effective April 28, 2004 has updated the base rates CWSC can charge in Dominguez-South Bay, CWSC should be allowed to file new tariffs to implement this recovery.

Advice Letter No. 1656 requests recovery of purchased water, purchased power and pump tax reserve account balances accrued in calendar year 2003 for CWSC's Dominguez-South Bay District. The net under-collection was \$666,335. No adjustment was required for over-earnings in calendar year 2003. The net requested recovery is \$666,355. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0425 per Ccf for 12 months or until the \$666,355 has been recovered, whichever is sooner. Because Advice Letter 1665, effective April 28, 2004 has updated the base rates CWSC can charge in Dominguez-South Bay, CWSC should be allowed to file new tariffs to implement this recovery.

As a result of the earnings test, ratepayers were relieved of paying the following revenues to CWSC, with no impairment to CWSC to earn its authorized rate of return.

District	Amount Saved 2001	Amount Saved 2002	Amount Saved 2003	Total by District
Willows	\$945			\$945
Livermore	2,980	38,407		\$41,387
Selma		\$22,234	\$33,816	\$56,050
South San Francisco	9,155	155,502	\$316,356	\$481,013
Stockton	\$22,091			\$22,091
Palos Verdes		\$163,864	\$473,187	\$637,051
East Los Angeles		\$725,952		\$725,952
Westlake		\$129,997		\$129,997
Bear Gulch	\$2,303	\$521,761		\$524,064

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Visalia	\$1,603	\$152,173		\$153,776
Total	\$39,077	\$1,909,890	\$823,359	\$2,772,326

NOTICE AND PROTESTS

CWSC has given public notice of the request for an increase by publishing in a local newspaper per the following table:

<u>District</u>	<u>Publication Date of Notice</u>
Palos Verdes	TBD
Salinas	TBD
Selma	TBD
Stockton	TBD

Proof of Publication has been provided to staff and no protest letters were received.

FINDINGS

1. CWSC filed Advice Letter Nos. 1616-A, 1618-A, 1619-B, 1620, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640 1641, 1642, 1643-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656, in compliance with Ordering Paragraph No. 2 of D.02-12-009.
2. The application of the earnings test, as required by D.03-06-072, has resulted in savings for CWSC's customers of \$2,772,326 while still allowing CWSC to earn its authorized rate of return.
3. The existing procedure for recovery of balancing accounts is as follows: (1) Utilities, at their option, may request a surcharge once under-collections reach 2%; (2) Otherwise, balancing account review and recovery of remaining balances are processed at the time of the utilities next general rate case.
4. The recovery requested in Advice Letter No. 1643 for the Palos Verdes District is less than 2%, therefore, this recovery should be incorporated in the next General Rate Case for the Palos Verdes District.

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5. The Commission finds, after investigation by the Water Division, that the changes requested by CWSC in Advice Letter Nos. 1616-A, 1618-A, 1619-B, 1620, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640 1641, 1642, 1643-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656 are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. California Water Service Company, is authorized five days after the effective date herein, to make effective revised rates as attached to Advice Letter Nos. 1616-A, 1618-A, 1619-B, 1620, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640 1641, 1642, 1643-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656, and to concurrently cancel the presently effective rate schedules.
2. California Water Service Company request for future recovery of the balance of \$163,963 in Advice Letter No. 1643 should be approved.
3. California Water Service Company is authorized to incorporate the request of Advice Letter No. 1643 into the next General Rate Case Application for its Palos Verdes District or to seek said recovery as otherwise authorized by this Commission.
4. California Water Service Company is directed to keep maintaining its reserve accounts as required by Public Utilities Code Section 792.5 and Resolution No. W-4467.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on July 8, 2004; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director